



## Analysis finds that doubling charter schools in NH could cost state \$57 million to \$104 million over ten years

In response to the Joint Legislative Fiscal Committee’s [request for more information](#) on charter school funding, Reaching Higher NH conducted a [fiscal impact analysis](#) of the New Hampshire Department of Education’s goal to double the number of chartered public schools in the state. Our findings suggest that expanding the number of charter schools, as stated in the federal charter school grant, could cost the state of New Hampshire an additional \$57 million to \$104 million in the first ten years.

On November 8, the Joint Legislative Fiscal Committee [voted to table](#) the first payment of a \$46 million federal grant to expand charter schools in the state, in order to get more information on existing charter schools. One of the core questions discussed in the Committee meeting is whether this federal grant would cost the state of New Hampshire additional money.

It is important to remember that charter schools **are** public schools, and therefore, receive public dollars. Watch our [Charter School Webinar](#) to learn more. We will delineate “charter schools” from “neighborhood schools” – both of which are public schools, and, therefore, receive public dollars.

Reaching Higher NH built [three models](#): a conservative model, which assumes minimal growth in student enrollment; a historical growth model, which assumes historical student enrollment trends; and, an ambitious model, which assumes growth based on the stated goals of the federal charter school grant.

	Ambitious Growth Model		Historical Growth Model		Conservative Growth Model	
	Projected Student Enrollment	Projected Cost to State <i>(Enrollment x \$3,411)</i>	Projected Student Enrollment	Projected Cost to State <i>(Enrollment x \$3,411)</i>	Projected Student Enrollment	Projected Cost to State <i>(Enrollment x \$3,411)</i>
Year 1	260	\$ 886,860.00	260	\$ 886,860.00	260	\$ 886,860.00
Year 2	787	\$ 2,684,347.85	776	\$ 2,648,163.96	650	\$ 2,217,150.00
Year 3	1,544	\$ 5,266,755.04	1,452	\$ 4,952,109.17	1,079	\$ 3,680,469.00
Year 4	2,492	\$ 8,499,267.81	2,148	\$ 7,327,408.60	1,447	\$ 4,935,375.90
Year 5	3,256	\$ 11,105,575.28	2,804	\$ 9,562,802.17	1,748	\$ 5,961,029.49
Year 6	3,807	\$ 12,985,344.93	3,335	\$ 11,376,714.57	1,922	\$ 6,557,132.44
Year 7	4,180	\$ 14,258,384.18	3,780	\$ 12,893,530.18	2,115	\$ 7,212,845.68
Year 8	4,490	\$ 15,315,318.67	4,152	\$ 14,163,809.58	2,326	\$ 7,934,130.25
Year 9	4,744	\$ 16,182,944.31	4,458	\$ 15,207,614.29	2,559	\$ 8,727,543.28
Year 10	4,962	\$ 16,927,039.16	4,719	\$ 16,095,864.18	2,815	\$ 9,600,297.60
<b>TEN YEAR TOTAL</b>		<b>\$ 104,111,837.23</b>		<b>\$ 95,114,876.71</b>		<b>\$ 57,712,833.64</b>

Source: Reaching Higher NH  
Data obtained from the NH Department of Education

In the 2018-2019 school year, the state provided charter schools statewide with roughly \$17.9 million in charter school-specific grants (which **does not** include the per-student state [adequate education grant](#)). Charter schools authorized through the State Board of Education receive a charter school-specific grant in the amount of \$3,411 per student, in addition to [adequate education funding](#) through the education funding formula.

Charter schools rely on external funding in order to operate, including through family and parent contributions, corporate sponsorships, grants, and/or fundraising. In reviewing charter school applications and proposed budgets to the State Board of Education, the total expenses to operate the school are greater than the revenue from state and federal sources. **We do not include anticipated fundraising implications in our analysis.**

Even though the federal grant covers startup costs for the 27 new and replicated charter schools, it does not offset the tuition costs to the state, which would come from the Education Trust Fund. For that reason, it is unlikely to offset the fundraising requirements that the schools generally have.

## Methodology

Reaching Higher NH worked under the following assumptions:

1. **The charter schools would be authorized by the NH State Board of Education**, not by local districts. For state-authorized charter schools, in addition to the per-student [adequate education grant](#), the state pays an additional \$3,411 per student to the charter school from the state's Education Trust Fund, compared to a neighborhood school. To date, **only one charter school** in the state is authorized through a local school district; the other 28 charter schools are authorized through the State Board of Education.
2. **Charter school students would not come from existing charter schools.** The NH Department of Education specified that they plan to double the number of students enrolled in a charter school; therefore, we assume that these would be *new* charter school students.
3. Therefore, **we only model the cost of the state charter school-specific grant of \$3,411**, which comes directly from the Education Trust Fund. For this analysis, we do not include the cost of [base adequate education grants](#) or differentiated aid.
4. **Each charter school would open with 52 students**, which is the average student enrollment for New Hampshire's current charter schools during their *first year of operation*. In practice, some may be larger, and some may be smaller: however, for the purposes of these models, we use the average.
5. **The charter school state grant does not increase in the ten-year projection timeframe:** charter schools currently receive a \$3,411 grant per student, in addition to the [adequate education grant](#). The models assume that this number does not fluctuate.
6. **Charter schools would open based on the NH Department of Education's five-year plan**, as identified in their charter grant application to the US Department of Education, and none of them would cease operations, merge with other schools, or otherwise shut down.
7. **Models include ten year projections** in order to capture the total cost to the state for the life of the grant: the grant funds each school for five years, and includes a five-year

plan for opening schools. In addition, charter schools tend to grow for about five years, upon which their student enrollment stabilizes.

### ***Conservative Growth Model***

Under our [conservative growth model](#), which assumes minimal growth in student enrollment, charter schools would serve 2,815 students in Year 10 of the federal grant. The total cost to the state would be \$9.6 million in charter school-specific grants in Year 10 (note, again, that this figure does not include the adequate education grant). Over the ten year period, the state would provide charter schools with \$57.7 million in charter school-specific grants, plus the adequate education grants under this model.

**In the conservative growth model**, we assumed a 10% increase in student enrollment every year for the proposed 27 additional charter schools. For the five charter schools that the DOE plans to open in the first year, for example, assuming a total of 260 students (52 students per school), the additional cost to the state's Education Trust Fund for *only* the charter school stipend of \$3,411 is **\$886,860 in Year One of the grant**.

### ***Historical Growth Model***

Under our [historical growth model](#), which assumes the *average growth percentages* based on the currently-operating charter schools in the state, charter schools would serve 4,719 students in Year 10. The cost to the state in Year 10 would be \$16 million, plus the adequate education grant. Over the ten year period, the state would provide charter schools with \$95.1 million in charter school-specific grants under this model.

Specifically, NH charter schools, on average, grow their enrollment by 58.6% from their first to second year, 23.8% in their third, 16.78% in their fourth, and 15% in their fifth. We tend to see a plateau after the fifth year - but for the purposes of this model, and the variability after year 5, we assume a 5% increase every year after the fifth year.

Because we based our models on the stated goal in the federal grant to double the number of charter schools in New Hampshire, the enrollment figure in Year 10 is higher than what the NH Department of Education shared in the Joint Legislative Fiscal Committee meeting. This is because the 4,000 current enrollment figure, cited by the Department, includes charter schools that have not yet reached their full capacity. When all existing charter schools are fully enrolled, student enrollment is expected to reach roughly 5,000 students.

Growth of existing charter schools is not included in this analysis.

### ***Ambitious Growth Model***

Our third model shows an [ambitious growth pattern](#). Using NH DOE enrollment data from each current charter school's founding to present, we have identified the growth pattern *specifically* for the seven High-Quality Charter Schools (HQCS), and again used the historical average for all other schools.

In this model, we assume that in doubling the number of charter schools, the state will double the number of high-quality charter schools - and therefore show seven high-quality charters opening.

In this model, we have *frozen the student enrollment* for the HQCS in the model, noted in green, based on the caps of the existing HQCS cited in the federal grant application. The NH DOE's grant application identified these seven charters as potential schools to replicate -- and therefore, we have "replicated" their maximum enrollment in this model.

In the **ambitious growth model**, the number of students in Year 10 is 4,962, which is greater than the Department's stated goal of 4,000. The ten-year cost to the Education Trust Fund -- again, solely for the charter school-specific grant -- is \$104,111,837.23.

## How Charter Schools are Funded

In our [Charter School Webinar](#), we explained the differences in funding based on whether a charter school is authorized through a *local school district* or through the *State Board of Education*. To date, **only one charter school** in the state is authorized through a local school district; the other 28 charter schools are authorized through the State Board of Education.

For charter schools authorized through the State Board of Education, the state pays an additional \$3,411 per student to the charter school from the state's Education Trust Fund, compared to a neighborhood school. (*12:30 in the Charter School Webinar*) Charter schools also receive state funding through the adequate education formula, which includes base adequacy aid and differentiated aid for students navigating poverty, those who receive English Language Learner services, and those who are not proficient in reading by third grade. The student's home district is responsible for costs associated with special education services; therefore, charter schools do not receive funding directly from the state for these students.

Nearly all of the charter school authorization applications we reviewed noted that state and federal funding was insufficient to cover the costs of operating. They rely on additional revenue streams to cover costs to operate, including family and parent contributions, grants, corporate sponsorships, and fundraising. Many schools also solicit volunteers to offset staffing requirements.

We are unable to project what an additional 27 schools would mean for fundraising capacity in the current charter schools, as well as in the to-be-opened schools.

Please direct questions or inquiries about this analysis to [staff@reachinghighernh.org](mailto:staff@reachinghighernh.org).

Charter School Enrollment Projections and Fiscal Analysis

**Conservative Growth Model**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Annual Growth Rates	10%	10%	10%	10%	10%	10%	10%	10%	10%		
Charter School 1	52	57	63	69	76	84	92	101	111	123	
Charter School 2	52	57	63	69	76	84	92	101	111	123	
Charter School 3	52	57	63	69	76	84	92	101	111	123	
Charter School 4	52	57	63	69	76	84	92	101	111	123	
Charter School 5	52	57	63	69	76	84	92	101	111	123	
Charter School 6		52	57	63	69	76	84	92	101	111	
Charter School 7		52	57	63	69	76	84	92	101	111	
Charter School 8		52	57	63	69	76	84	92	101	111	
Charter School 9		52	57	63	69	76	84	92	101	111	
Charter School 10		52	57	63	69	76	84	92	101	111	
Charter School 11		52	57	63	69	76	84	92	101	111	
Charter School 12		52	57	63	69	76	84	92	101	111	
Charter School 13			52	57	63	69	76	84	92	101	
Charter School 14			52	57	63	69	76	84	92	101	
Charter School 15			52	57	63	69	76	84	92	101	
Charter School 16			52	57	63	69	76	84	92	101	
Charter School 17			52	57	63	69	76	84	92	101	
Charter School 18			52	57	63	69	76	84	92	101	
Charter School 19			52	57	63	69	76	84	92	101	
Charter School 20				52	57	63	69	76	84	92	
Charter School 21				52	57	63	69	76	84	92	
Charter School 22				52	57	63	69	76	84	92	
Charter School 23				52	57	63	69	76	84	92	
Charter School 24				52	57	63	69	76	84	92	
Charter School 25					52	57	63	69	76	84	
Charter School 26					52	57	63	69	76	84	
Charter School 27					52	57	63	69	76	84	
<b>Total Projected Number of Enrolled Students</b>	<b>260</b>	<b>650</b>	<b>1,079</b>	<b>1,447</b>	<b>1,748</b>	<b>1,922</b>	<b>2,115</b>	<b>2,326</b>	<b>2,559</b>	<b>2,815</b>	<b>TOTAL OVER TEN YEAR PERIOD</b>
<b>Total Projected Cost to State in Charter-Specific Grants (Enrollment x \$3,411)</b>	<b>\$ 886,860.00</b>	<b>\$ 2,217,150.00</b>	<b>\$ 3,680,469.00</b>	<b>\$ 4,935,375.90</b>	<b>\$ 5,961,029.49</b>	<b>\$ 6,557,132.44</b>	<b>\$ 7,212,845.68</b>	<b>\$ 7,934,130.25</b>	<b>\$ 8,727,543.28</b>	<b>\$ 9,600,297.60</b>	<b>\$ 57,712,833.64</b>

\*The methodology for this analysis can be found at: <https://reachinghighernh.org/2019/11/22/fiscalanalysiscsfgrant/>


**Historical Growth Model**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
<b>Annual Growth Rates</b>	<b>58.6%</b>	<b>23.8%</b>	<b>16.8%</b>	<b>15.0%</b>	<b>14.1%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>		
Charter School 1	52	82	102	119	137	157	164	173	181	190	
Charter School 2	52	82	102	119	137	157	164	173	181	190	
Charter School 3	52	82	102	119	137	157	164	173	181	190	
Charter School 4	52	82	102	119	137	157	164	173	181	190	
Charter School 5	52	82	102	119	137	157	164	173	181	190	
Charter School 6		52	82	102	119	137	157	164	173	181	
Charter School 7		52	82	102	119	137	157	164	173	181	
Charter School 8		52	82	102	119	137	157	164	173	181	
Charter School 9		52	82	102	119	137	157	164	173	181	
Charter School 10		52	82	102	119	137	157	164	173	181	
Charter School 11		52	82	102	119	137	157	164	173	181	
Charter School 12		52	82	102	119	137	157	164	173	181	
Charter School 13			52	82	102	119	137	157	164	173	
Charter School 14			52	82	102	119	137	157	164	173	
Charter School 15			52	82	102	119	137	157	164	173	
Charter School 16			52	82	102	119	137	157	164	173	
Charter School 17			52	82	102	119	137	157	164	173	
Charter School 18			52	82	102	119	137	157	164	173	
Charter School 19			52	82	102	119	137	157	164	173	
Charter School 20				52	82	102	119	137	157	164	
Charter School 21				52	82	102	119	137	157	164	
Charter School 22				52	82	102	119	137	157	164	
Charter School 23				52	82	102	119	137	157	164	
Charter School 24				52	82	102	119	137	157	164	
Charter School 25					52	82	102	119	137	157	
Charter School 26					52	82	102	119	137	157	
Charter School 27					52	82	102	119	137	157	
<b>Total Projected Number of Enrolled Students</b>	<b>260</b>	<b>776</b>	<b>1,452</b>	<b>2,148</b>	<b>2,804</b>	<b>3,335</b>	<b>3,780</b>	<b>4,152</b>	<b>4,458</b>	<b>4,719</b>	<b>TOTAL OVER TEN YEAR PERIOD</b>
<b>Total Projected Cost to State in Charter-Specific Grants (Enrollment x \$3,411)</b>	<b>\$ 886,860.00</b>	<b>\$ 2,648,163.96</b>	<b>\$ 4,952,109.17</b>	<b>\$ 7,327,408.60</b>	<b>\$ 9,562,802.17</b>	<b>\$ 11,376,714.57</b>	<b>\$ 12,893,530.18</b>	<b>\$ 14,163,809.58</b>	<b>\$ 15,207,614.29</b>	<b>\$ 16,095,864.18</b>	

\*The methodology for this analysis can be found at: <https://reachinghighernh.org/2019/11/22/fiscalanalysiscsfgrant/>

**Ambitious Growth Model**

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Annual Growth Rates for non-HQCS	79%	86%	73%	52%	5%	5%	5%	5%	5%		
Annual Growth Rates for HQCS	59%	24%	17%	15%	14%	5%	5%	5%	5%		
Charter School 1	52	93	173	300	455	478	502	527	553	581	600 maximum
Charter School 2	52	82	102	119	137	157	164	173	181	190	
Charter School 3	52	82	102	119	137	157	164	173	181	190	
Charter School 4	52	82	102	119	137	157	164	173	181	190	
Charter School 5	52	82	102	119	137	157	164	173	181	190	
Charter School 6		52	82	102	119	137	157	164	173	181	
Charter School 7		52	93	173	173	173	173	173	173	173	180 maximum
Charter School 8		52	82	102	119	137	157	164	173	181	
Charter School 9		52	93	173	173	173	173	173	173	173	180 maximum
Charter School 10		52	82	102	119	137	157	164	173	181	
Charter School 11		52	82	102	119	137	157	164	173	181	
Charter School 12		52	82	102	119	137	157	164	173	181	
Charter School 13			52	93	110	115	115	115	115	115	120 maximum
Charter School 14			52	82	102	119	137	157	164	173	
Charter School 15			52	93	110	120	120	120	120	120	120 maximum
Charter School 16			52	82	102	119	137	157	164	173	
Charter School 17			52	82	102	119	137	157	164	173	
Charter School 18			52	82	102	119	137	157	164	173	
Charter School 19			52	82	102	119	137	157	164	173	
Charter School 20				52	82	102	119	137	157	164	
Charter School 21				52	82	102	119	137	157	164	
Charter School 22				52	82	102	119	137	157	164	
Charter School 23				52	93	173	180	185	185	185	200 maximum
Charter School 24				52	82	102	119	137	157	164	
Charter School 25					52	93	110	115	115	115	120 maximum
Charter School 26					52	82	102	119	137	157	
Charter School 27					52	82	102	119	137	157	
<b>Total Projected Number of Enrolled Students</b>	<b>260</b>	<b>787</b>	<b>1,544</b>	<b>2,492</b>	<b>3,256</b>	<b>3,807</b>	<b>4,180</b>	<b>4,490</b>	<b>4,744</b>	<b>4,962</b>	<b>TOTAL OVER TEN YEAR PERIOD</b>
<b>Total Projected Cost to State in Charter-Specific Grants (Enrollment x \$3,411)</b>	<b>\$ 886,860.00</b>	<b>\$ 2,684,347.85</b>	<b>\$ 5,266,755.04</b>	<b>\$ 8,499,267.81</b>	<b>\$ 11,105,575.28</b>	<b>\$ 12,985,344.93</b>	<b>\$ 14,258,384.18</b>	<b>\$ 15,315,318.67</b>	<b>\$ 16,182,944.31</b>	<b>\$ 16,927,039.16</b>	

 Indicates High Quality Charter Schools (HQCS)

\*The methodology for this analysis can be found at: <https://reachinghighernh.org/2019/11/22/fiscalanalysiscsfgrant/>